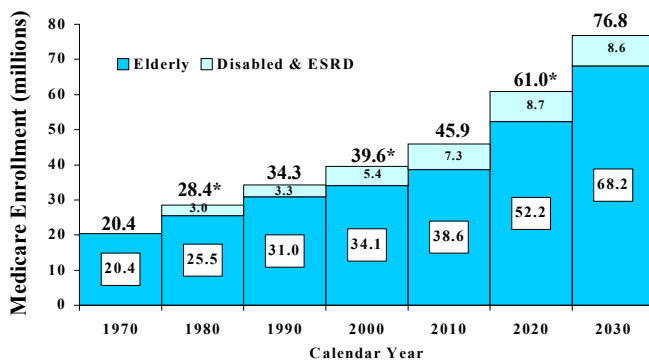


## Theme 4: Future Trends Influencing Our Programs

CMS performs environmental scanning, identifying, evaluating, and reporting emerging trends in health care delivery and financing, and their interactions with Agency programs. Our research and evaluation projects study the effect on beneficiaries, providers, plans, States and other partners and customers. Projects are designed to assess potential improvements and develop new measurement tools. For example, we identify trends in health care delivery and assess the impact of long-term structural reforms necessary to address major demographic changes in the beneficiary population. Specific projects in this area include examining the demographics of future Medicare beneficiaries and considering the effect of “healthy aging;” assessing the effect on quality of life, health and services as beneficiaries move into “deinstitutionalized” settings; assessing long term growth assumptions for health expenditures, identifying the impacts of possible eligibility changes and of potential changes in health status, technology, and the marketplace; examining prescription drug expenditures and savings from alternative reimbursement policies based on different discount rate and price schedules used by other payers, and testing the use of purchasing polices including competitive bidding and rebate mechanisms; analyzing various potential changes in the benefit package; and examining how our payment systems affect adoption of new technology.

**The Number of People Medicare Services Will Nearly Double by 2030**



\*The total number of beneficiaries may not equal the sum of the two categories due to rounding.

Source: CMS, Office of the Actuary.

**Description:** The purpose of the project is to estimate the costs in public, private and not-for-profit hospitals in the 24 US counties bordering Mexico that provide emergency medical care and transportation services to undocumented persons who do not qualify for Medicaid. It will also identify and analyze innovative policies that may lower the cost to treat undocumented persons and survey the types of emergency medical care provided by hospitals and emergency transportation carriers to undocumented persons. This project may be limited to a descriptive analysis using existing data sources of the provision of emergency care in the undocumented alien population and a thorough review of the existing literature, laws and policies pertaining to this subject.

**Status:** This newly initiated project is in the startup phase. ■

### 01-148 Costs for Providing Health Care to Undocumented Persons

**Project Officer:** Arthur Meltzer  
**Period:** September 2001-September 2002  
**Awardee:** United States/Mexico Border Counties Coalition  
**Funding:** \$300,000

### 01-213 Market Area Selection Criteria and Data Development for Medicare Fee-for-Service Reform

**Project Officer:** David Skellan  
**Period:** September 2001-September 2002  
**Awardee:** Research Triangle Institute  
**Funding:** \$233,887

**Description:** This project supports CMS efforts to modernize the traditional Medicare program by incorporating innovations and adopting strategies already used by other payers that can improve Medicare's efficiency and/or enhance quality of care. This work will provide a foundation for a centralized system of collecting and maintaining market area characteristics and information that is needed to better understand market conditions that are crucial in targeting these new initiatives to ultimately assure that Medicare beneficiaries and the program as a whole will benefit. Potential new payment and service delivery models identified include: coordinated care, disease management, Centers of Excellence, better collaboration with providers and physicians, and competitive acquisition.

**Status:** The report contains detailed work plans, personnel assignments and schedules, and an outline and proposed content for the interim and final reports. ■

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#### 99-138 Medicare Drugs and Biologicals Pricing Consistency Project

**Project Officer:** Marvin Stoogenke  
**Period:** September 1999-December 2001  
**Awardee:** Jing Xing Technologies  
**Funding:** \$653,974

**Description:** The purpose of this project is to develop a methodology that assures consistent and uniform pricing of drugs regardless of national locality or electronic systems used by Medicare contractors. This methodology will serve as a tool to support uniform pricing by all Part B Medicare contractors and develop a single way to update as necessary changes in drug status. The project will evaluate the current pricing mechanism for drug pricing, define the components necessary for appropriate drug pricing (e.g., route of administration, drug strength concentrations, available package sizes, and most commonly used dosage ranges); describe the process for consistent and uniform drug pricing (e.g., national drug code or NDC and CMS Common Procedure Coding System or HCPCS mapping, generic and brand name mapping, new drug entries, drug deletions, updates, etc.); design

validation procedures (e.g., right price for right drug with the right HCPCS and NDC for the right service period); and prepare reporting requirements for pricing outcomes measurements. The methodology will be applicable to pricing drugs currently covered under the Medicare program and to drugs that will have a potential of being covered (e.g., new drugs entering the market, a future prescription drug program).

**Status:** The contract was modified to expand several of the work elements. ■

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#### 00-021 Examine the Effects of Providing an Outpatient Prescription Drug Benefit

**Project Officer:** Edgar Peden  
**Period:** January 2000-February 2001  
**Awardee:** Interindustry Economic Research Fund  
**Funding:** \$15,000

**Description:** This project analyzes the macro-economic effects related to the introduction of a new public program, specifically, an outpatient prescription drug benefit for Medicare.

**Status:** This project is postponed. ■

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#### 00-115 Assessment of Medicare Prescription Drugs and Coverage Policies

**Project Officer:** Peri Iz  
**Period:** September 2000-February 2002  
**Awardee:** Research Triangle Institute  
**Funding:** \$202,527

**Description:** The purpose of this project is to assemble and analyze recent fee-for-service and managed care plan data on Medicare spending for prescription drugs, as well as comparable data from other public and/or private payers. Using these data, the project will estimate possible financial effects of alternative Medicare payment policies for drugs currently covered by statute. This study will estimate current expenditures and possible savings from alternative reimbursement policies based on different discount rate and price schedules used by other payers, as well as examine other purchasing policies including competitive bidding and rebate mechanisms.

**Status:** This project is in its second year. IMS data is being analyzed, as is the total Medicare spending under alternative pricing schedules. There is continued effort to recruit Medicare managed care organizations to participate in the study. ■

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### 97-267 Study of Pharmaceutical Benefit Management

**Project Officer:** Peri Iz  
**Period:** September 2000-July 2001  
**Awardee:** PricewaterhouseCoopers  
**Funding:** \$299,695

**Description:** This project systematically examined the pharmaceutical benefit management (PBM) from a potential client's perspective. This was an extension of earlier CMS research that described the industry functions and its origins. This study examined the PBM industry. An overview of current industry structure, operations related issues, and performance of PBMs was prepared. The project reviewed the current industry structure with respect to regulatory environment, capacity and stability, PBM clients by sector and size, and local market shares. Operations related issues were discussed under services provided by PBMs, structure and content of contracts, and bidding rules and selection process. Finally, performance measurement examined cost and utilization measurements, performance indicators and benchmarks, and overall PBM performance.

**Status:** This project is completed. ■

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### 01-053 Iowa Senior Discount Prescription Drug Demonstration Project

**Project Officer:** Ronald Deacon  
**Period:** March 2001-September 2002  
**Awardee:** Iowa, Department of Public Health  
**Funding:** \$1,000,000

**Description:** This demonstration project uses a mercantile prescription drug purchasing cooperative or non-profit "buying club" corporation to reduce the burden of prescription costs on Iowa seniors. Approximately 274,000 seniors 65 or older do not have an insured drug benefit and are not enrolled in

Medicaid. The State plans to implement the project in late 2001. The co-op/buying club negotiates discounts or rebates with pharmaceutical companies for the cost of the drug and discounts that are passed along to the consumer. The project supports beneficiary's choosing a lower cost but therapeutically equivalent medication; if recommended by a physician or pharmacist. The key elements of the demonstration include marketing, pharmacist involvement, senior pledge/commitment, pharmacy benefit manager, pharmaceutical and therapeutics Committee, physician involvement, education, and drug utilization review.

**Status:** Iowa requested and received an additional \$500,000 from CMS to partially subsidize the enrollment fee, lowering it from \$40 to \$20. The project began enrollment in the fall of 2001 and begins operation January, 2002. ■

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### 99-035 Analysis of Medicare Beneficiary Baseline Knowledge Data Using the Medicare Current Beneficiary Survey

**Project Officer:** Sherry Terrell  
**Period:** June 1999-June 2002  
**Awardee:** University of Wisconsin - Madison  
**Funding:** \$229,123

**Description:** The purpose of this project was to analyze Medicare beneficiary baseline program knowledge data collected through the Medicare Current Beneficiary Survey (MCBS) in 1995-1997 and 1998 to determine data usefulness for program evaluation. The program objective was to evaluate National Medicare Education Program (NMEP) print material (*Handbook: 1999* and *Bulletin*) and selected information distribution channels (print, Internet, 1-800-MEDICARE). The policy objective was to support CMS strategic plan initiatives, contribute to Government Performance and Results Act program performance reporting, and provide feedback for monitoring and continuous quality improvement of NMEP informational materials directed to the Medicare population over time.

**Status:** This project has been completed. In Phase I data analyses, several working measures of beneficiary Medicare program knowledge were constructed, validated, and used to develop MCBS supplemental knowledge questions. Using these program knowledge measures in a series of descriptive analyses, beneficiaries of high, low, and medium program knowledge levels were compared on demographic characteristics in 1996 and 1998. In the Phase II analyses of 1998 data, these knowledge indexes were used to compare beneficiaries' program knowledge across program and policy variables of interest. For each of the NMEP goals examined—access, awareness, understanding, and use—reading the 1999 handbook made a difference. While the effects were modest and represent one point in time, they are consistent with differences in knowledge from other interventions described in the literature. Electronic copies of the reports are available at <http://www.CMS.gov/ord/resrpub.htm>. Paper and microfiche copies of the final reports may be ordered from the National Technical Information Service by referencing the following NTIS accession numbers: Analysis of Medicare Beneficiary Baseline Knowledge Data from the Medicare Current Beneficiary Survey: “Knowledge Index Technical Note” (May 2000) PB2001-102026; Analysis of Baseline Measures in the Medicare Current Beneficiary Survey for Use in Monitoring the National Medicare Education Program: Final Phase One Report (November 2000)-pending; Analysis of the 1998 Medicare Current Beneficiary Survey for Use in Monitoring the National Medicare Education Program: Phase Two Final Report (December 2000) PB2001-102747. ■